



State of Wisconsin  
**Wisconsin Retirement System**  
**FACT SHEET 2004**  
 As of December 31, 2003

## I. Covered Public Employees and Employers

- 1,386 employers
- The Wisconsin Retirement System (WRS) covers employees of the State of Wisconsin, local governments who elect to participate, and Milwaukee public school teachers. The Milwaukee City and Milwaukee County Systems are covered under separate plans.
- WRS is composed of 27% state employees and 73% local employees
- Participants in the WRS:
 

Active employees	262,538
Annuity (retirees, disability, and beneficiaries)	121,582
Inactive employees with deferred benefit payable	<u>121,452</u>
Total	505,572
- Active Employee Categories:
 

General (includes teachers)		
Public School Teachers	84,624	31.9%
University Faculty	18,259	6.9%
Other General Employees	139,306	52.6%
Elected Officials and State Executives	1,468	.6%
Protectives with Social Security	18,660	7.0%
Protectives without Social Security	2,714	1.0%

## II. Retirement Benefits

- Minimum Retirement Age: 55 (age 50 for protectives)
  - Benefits are taxed by Wisconsin for majority of participants
  - Formula Benefit or Money Purchase Benefit (pay the highest)
- Formula Benefit = Years of Service x Final Average Earnings x Formula Factor x Actuarial Reduction Factor for early retirement (if applicable)

- Final Average Earnings = Average of highest three years of earnings ÷ service (decimal equivalent of a year) in those years ÷ 12.
- Formula Factors (based on when creditable service was earned)\*:

<u>Pre-2000 Service</u>	<u>Post-1999 Service</u>	<u>Category</u>
1.765%	1.6%	General/Teacher/Educational Support
2.165%	2.0%	Elected/Executive
2.165%	2.0%	Protectives with Social Security
2.665%	2.5%	Protectives without Social Security

- Normal Retirement Age

<u>General</u>		<u>Protective</u>		<u>Executive &amp; Elected</u>	
<u>Age</u>	<u>Service</u>	<u>Age</u>	<u>Service</u>	<u>Age</u>	<u>Service</u>
65	Any	54	Any	62	Any
57	30	53	25	57	30

\* The pre-2000 formula factors apply only to participants who terminate WRS employment after 1999. The post-1999 factors apply to all years of service for participants who terminated their WRS employment before 2000.

- Actuarial age reduction if under normal retirement age:

Generals and elected/executive employees:

Age 55 and 56, the reduction described below plus 0.4% for each month remaining before age 57

Age 57 and above, 0.4%, decreased by 0.001111% per month of service, for each month remaining before normal retirement age.

Protectives:

0.4% per month prior to normal retirement age

- Benefit maximum: 70% of Final Average Earnings (85% for protectives without Social Security and 65% for protectives with Social Security.)

Money Purchase Benefit = Employee and employer dollars (including interest) x money purchase factor for current age when retirement benefit begins.

### III. CONTRIBUTIONS

- Employee and employer contributions are adjusted annually.

2004 Contributions (percent of payroll)				
	General	Protectives With Social Security	Protectives Without Social Security	Elected/ Executive
EMPLOYEE				
Normal	5.0%	4.5%	3.2%	2.6%
Benefit Adjustment	0.6%	0.0%	0.0%	0.0%
EMPLOYER				
Normal	4.2%	7.6%	10.6%	8.1%
Unfunded Liability (average)	1.2%	0.6%	1.5%	1.0%
Duty Disability (average)	—	3.9%	3.9%	—
<b>TOTAL</b>	<b>11.0%</b>	<b>16.6%</b>	<b>19.2%</b>	<b>11.7%</b>

### IV. Vesting

- Participants who began covered employment before January 1, 1990, are immediately vested for retirement benefits.
- Participants who are actively employed under the WRS after April 23, 1998, are immediately vested for retirement benefits, regardless of when their covered WRS employment began.
- Only participants who began covered employment on or after January 1, 1990, and terminated before April 24, 1998, are not immediately vested for a retirement benefit. These participants must have some WRS creditable service in at least five calendar years to qualify for a retirement benefit. With service in fewer than five years, the benefit is limited to a separation benefit regardless of age.

### V. Post-retirement Adjustments

- Fixed and Variable Trust Fund annuities can be adjusted based on the investment performance of the fixed and variable funds.\* Fixed annuities can be adjusted annually if the increase or decrease would be at least .5%, although fixed annuities can never be decreased below the original fixed annuity amount. Variable annuities can be adjusted annually if the increase or decrease would be at least 2%.

*\* Annuities are funded based on the assumption that the trust fund will earn 5% interest each year.*

*Annuity adjustments are based on investment earnings above and beyond the 5% assumed earnings.*

### VI. WRS Funding

- State of Wisconsin Investment Board: \$59.2 billion WRS assets (actuarial value) on December 31, 2003

- Actuarial Assumptions:

Salary Increase	4.1%
Fixed Trust earnings (active lives)	7.8%
(retired lives)	5.0%